

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 9916 ]  
August 30, 1985 ]

**PROGRAM TO COLLECT DATA FROM AUTOMATED CLEARING HOUSES**

*To All Depository Institutions in the  
Second Federal Reserve District:*

Following is the text of a statement issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has announced that automated clearing houses (ACHs), in order to receive Reserve Bank net settlement services, must provide the Federal Reserve with specific information regarding transactions beginning December 5, 1985.

Each ACH will provide the Federal Reserve with the following data, regardless of the dollar amount, for each settling participant:

1. gross credits from the origination of debit transactions;
2. gross debits from the receipt of debit transactions;
3. gross debits from the origination of credit transactions; and
4. gross credits from the receipt of credit transactions.

ACHs will have the option of reporting this information once each week or with daily settlement entries submitted to the Federal Reserve.

In addition, the Board has modified the way it will monitor ACH transactions to determine an institution's intra-day position. Specifically, rather than posting ACH credit transactions at the opening of business and ACH debit transactions at the close of business, the Board determined that all ACH transactions will be posted to the daylight overdraft monitoring system at the opening of business on the settlement date.

The Board took this action to avoid short-term disruptions in the payments mechanism. It should be noted that this posting procedure is for monitoring purposes only.

Printed on the reverse side is the text of the Board's notice announcing the new program. Questions may be directed to Peter D. Luce, Assistant Vice President in our Accounting Function (Tel. No. 212-791-7766).

E. GERALD CORRIGAN,  
*President.*

(OVER)



## FEDERAL RESERVE SYSTEM

[Docket No. R-0515D]

### ACH Transaction Data Report; Final Approval of Information Collection Request

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final approval of information collection request.

**SUMMARY:** Notice is hereby given of final approval of the ACH Transaction Data Report (FR 2220; OMB No. 7100-0211) by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.9 (OMB Regulations on Controlling Paperwork Burdens on the Public). Respondents will have the option of filing the reports weekly or daily.

In response to comments raised during the public comment period, the Board is also modifying the ex post monitoring procedures for automated clearing house transactions by both Federal Reserve and privately operated ACHs that obtain net settlement services from the Federal Reserve.

**DATE:** The Board will begin collecting information from privately operated ACHs beginning December 5, 1985.

**FOR FURTHER INFORMATION CONTACT:** Edward C. Ettin, Deputy Director (202/452-3368), David B. Humphrey, Assistant Director (202/452-2557), Division of Research and Statistics; Elliott C. McEntee, Associate Director (202/452-2231), Florence M. Young, Adviser (202/452-3955), Division of Federal Reserve Bank Operations; Joseph R. Alexander, Attorney (202/452-2489), Legal Division; or Joy W. O'Connell, Telecommunications Device for the Deaf (202/452-3244).

Federal Reserve Board Clearance Officer—Cynthia Glassman—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC. 20551 (202/452-3829).

OMB Desk Officer—Robert Neal—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC. 20503 (202-395-6880).

**SUPPLEMENTARY INFORMATION:** Recently, the automated clearing house (ACH) mechanism has been evolving in such a way that it appears to be taking on many of the characteristics of large-dollar electronic funds transfer systems, and consequently presents many of the same risks. In light of the changes occurring in the ACH, the Board directed its staff to undertake a study of ACH risk, and, on May 17, 1985, issued for comment a series of questions concerning the various aspects of such risk. See Docket No. R-0515B, 50 FR

21,130 (May 22, 1985).

In its May 17 request for comments, the Board noted that pending the formulation of a new policy to deal with ACH risk, it had determined that its procedures for ex post monitoring of intra-day credit exposures should be modified to (1) recognize the potential risks associated with ACH transactions processed by both the Federal Reserve and privately operated ACHs, and (2) inhibit the use of the ACH to circumvent the Board's risk reduction policies for large-dollar electronic funds transfer systems. In order to meet these objectives, the Board requested comments on a modification of its ex post monitoring procedures so that gross debits resulting from the origination of credit transactions and gross credits resulting from the receipt of credit transactions would be posted at the Reserve Banks' opening of business on the settlement date, and gross credits resulting from the origination of debit transactions and gross debits resulting from the receipt of debit transactions would be posted at the Reserve Banks' close of business on the settlement date.

The Board determined that any change in the data used for its ex post monitoring procedures would apply not only to the Reserve Banks, but also to privately operated ACHs that obtain net settlement services from the Federal Reserve. Accordingly, such privately operated ACHs would be required to provide any data necessary for modification of the ex post monitoring system for each of its participants.

In response to the issues raised by the commenters, the Board has determined to give final approval to the proposed information collection request, but to make certain modifications to the proposal and to the procedures for ex post monitoring of the intra-day credit exposures. Specifically, the Board made the following decisions:

1. Privately operated ACHs will not be eligible to receive Federal Reserve net settlement services unless they agree to provide the Federal Reserve with the following data elements for each settling participant:<sup>1</sup>

(a) The total dollar value of gross debits resulting from the origination of credit transactions,

(b) The total dollar value of gross credits resulting from the receipt of credit transactions,

(c) The total dollar value of gross credits resulting from the origination of debit transactions, and

<sup>1</sup> The term "settling participant" is defined as a participant for which settlement entries are presented to the Federal Reserve. A settling participant may settle for its own account only or for its own account and the accounts of one or more respondents.

(d) The total dollar value of gross debits resulting from the receipt of debit transactions.

2. Because the majority of commenters reported that it would be less costly to provide the four data elements regardless of the dollar value of each element, the Board has determined not to adopt a dollar cut-off for this information collection request.

3. Privately-operated ACHs will be given the option of submitting data on a weekly basis for a seven day period ending on Wednesday or submitting the ex post data each day with settlement data.

4. Only transactions processed solely by the privately operated ACH should be included in the information provided to the Federal Reserve. Any transactions deposited by a privately operated ACH with the Federal Reserve will be included in the ex post monitoring data generated by the Reserve Banks.

5. The Board has modified the way it will monitor ACH transactions to determine an institution's intra-day position. Specifically, rather than posting ACH credit transactions at the opening of business and ACH debit transactions at the close of business, the Board determined that all ACH transactions will be posted to the daylight overdraft monitoring system at the opening of business on the settlement date. It should be noted that (a) this procedure may be modified after the Board reviews the staff study on ACH payments risks now underway, and (b) these procedures are for monitoring purposes only and do not affect the finality accorded to these ACH transactions under the Reserve Banks' uniform ACH operating circulars or net settlement agreements with privately operated ACHs.

6. The Federal Reserve will begin collecting the four data elements from privately operated ACHs on December 5, 1985, rather than September 30, 1985, as originally proposed.

7. Federal Reserve operated ACHs will also have to provide the four data elements to the Board, and the data for ex post monitoring procedures will also be applied to ACH transactions processed by the Federal Reserve. The costs of providing these data to the Board and of the monitoring will be included in the Federal Reserve's ACH cost base so that the new ex post monitoring procedures will have a comparable effect on Federal Reserve and privately operated ACHs.

The Board has determined that this information collection will not have a significant economic impact on a substantial number of small entities.

By order of the Board of Governors of the Federal Reserve System, August 21, 1985.

James McAfee,  
Associated Secretary of the Board.